

# DEPARTMENT OF COMMERCE

## OFFICE OF INSPECTOR GENERAL



FY 2000

CONGRESSIONAL SUBMISSION

DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
Budget Estimates, Fiscal Year 2000  
President's Submission

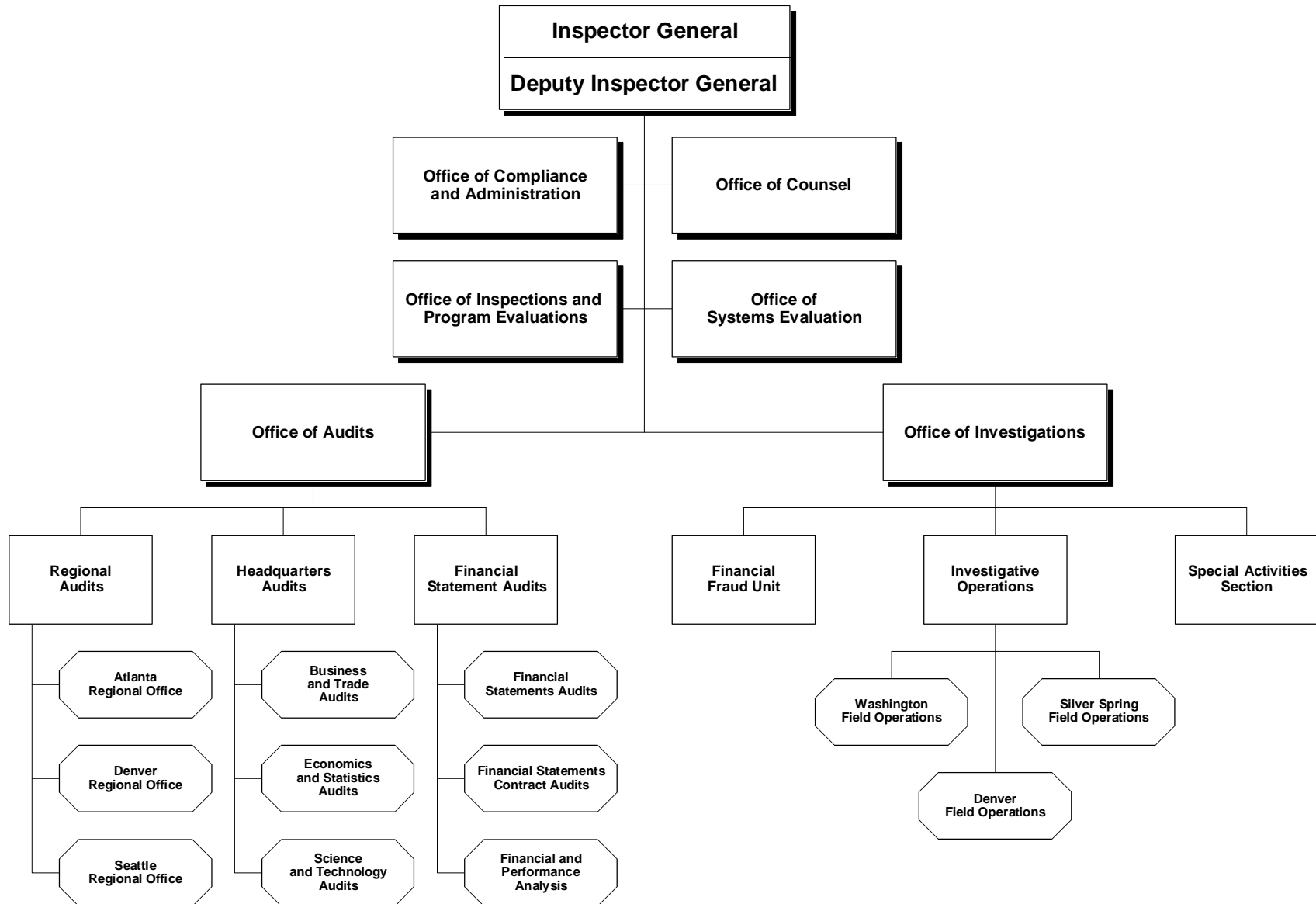
Exhibit 1

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# Office of Inspector General



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DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
BUDGET ESTIMATES FOR FISCAL YEAR 2000

Exhibit 3

PRESIDENT' S SUBMISSION

GENERAL STATEMENT

The Office of Inspector General has the mission of providing a unique independent voice to the Secretary and other senior Commerce managers, as well as the Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency and effectiveness of Department operations. The office has the authority to inquire into all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts, grants, or other financial assistance agreements.

The specific functions and programs that make up these broad activities are authorized by the Inspector General Act of 1978, and by other legislation.

(Dollar amounts in thousands)

<u>Appropriation</u>		1999		2000 Estimate		Inc. (+) or Dec. (-)	
		<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>	<u>Personnel</u>	<u>Amount</u>
Office of Inspector General	Pos. /Appr.	237	21,000	250	23,454	13	2,454
	FTE	218		230		12	
Total, Office of Inspector General		237	21,000	250	23,454	13	2,454
		FTE	218	230		12	

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## SUMMARY OF GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

DOC Strategic Themes	Bureau Goals	Bureau Objectives	Office/Program	Outputs	Outcomes
<p>Build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the nation's economic infrastructure.</p> <p>Keep America competitive with cutting-edge science and technology and an unrivaled information base.</p> <p>Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.</p>	1. To Have a Positive Impact on Department of Commerce Missions, Goals, and Objectives.	<p>1. Plan and execute OIG work to (1) concentrate on programs and operations that are most critical to the achievement of the Department's missions, goals, and objectives; (2) detect and prevent fraud, waste, and abuse; and (3) improve service delivery, efficiency, and effectiveness of DOC programs.</p> <p>Promote the effectiveness of the Department and its bureaus in implementing the Government Performance and Results Act (GPRA), the related Chief Financial Officers Act, and the Government Management Reform Act.</p> <p>Focus investigations on allegations of serious violations of federal law, to permit successful prosecutions that maximize recovery of public resources, and the deterrence of future wrongdoing.</p>	Office of Inspector General	<p>1. An annual plan based on current information from strategic plans, budget, legislative and program development, previous reports, external sources and in consultation and coordination with agency and congressional officials that identifies high-priority issues for OIG review.</p> <p>An annual opinion on the Department's consolidated financial statements, systems of internal controls, and compliance with laws and regulations.</p> <p>Number of investigative activities initiated/completed that result in: referral to DOJ or state prosecutors, DOC officials and OIG offices for criminal prosecution, civil actions, determining administration actions against employees or program participants, evaluating existing programs or procedures, and finding that the original allegation is unsubstantiated.</p>	<p>1. Reviews on key programs, identifying areas with weaknesses or problems where resources are at risk.</p> <p>Improve financial reporting by the Department.</p> <p>Reduction in fraud and other criminal activities.</p>
	2. To Produce and Provide Meaningful, Objective, and Timely Reports and Other Products to the DOC, the Congress, and Other Interested Parties.	<p>2. Enable the Department to take corrective action and demonstrate improved stewardship of public resources by identifying and reporting on significant issue areas in a timely manner.</p> <p>Effectively communicate results of OIG work to senior departmental officials, the Congress, and other parties as appropriate.</p> <p>Increase the scope of both OIG and bureau employee integrity/fraud awareness programs.</p>		<p>2. Recommendations which (a) are feasible and cost effective, (b) address the root causes of findings or ameliorate adverse effects, (c) are specific, yet provide and acceptable range of solutions, and (d) are timely.</p> <p>A series of Internal Quality Reviews of OIG activities.</p>	<p>2. More efficient and effective Commerce operations.</p> <p>OIG work products that are responsive to user needs; are clear, concise, and user-friendly; comply with professional standards; and are accurate, balanced, and objective and give due recognition of management's views and their efforts to correct identified deficiencies.</p>



## SUMMARY OF GOALS, OBJECTIVES, AND PERFORMANCE MEASURES

DOC Strategic Themes	Bureau Goals	Bureau Objectives	Office/Program	Outputs	Outcomes
<p>Build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the nation's economic infrastructure.</p> <p>Keep America competitive with cutting-edge science and technology and an unrivaled information base.</p> <p>Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.</p>	<p>3. To Provide a Quality Working Environment That Enables OIG Staff to Be Highly Productive and Do Its Best Work.</p>	<p>3. Continually improve OIG processes, policies, and procedures to achieve more effectiveness and efficiency.</p> <p>Pool knowledge about the Department from staff in all OIG units to address complex issues and programs in a coordinated and comprehensive manner and identify systemic faults and solutions.</p> <p>Recruit and retain high caliber staff and provide an environment for continuous development for all employees.</p> <p>Foster mutual respect and open communications among employees and managers.</p>	<p>Office of Inspector General</p>	<p>3. Internal reviews of work processes and procedures.</p> <p>Efforts to promote participation and communication with the internal OIG Employee Focus Group and other staff committees.</p>	<p>3. Reductions in time and cost for OIG products.</p> <p>Improved communication among staff and among OIG units.</p>

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Department of Commerce  
Office of Inspector General  
SUMMARY OF RESOURCE REQUIREMENTS  
(Dollar amounts in thousands)

Exhibit 5

Page No.		Positions	Budget Authority	FTE	Direct Obligations
	Appropriation, 1999	237	21,000	218	21,000
OIG-10	plus: 2000 Adjustments to base	0	1,269	2	1,269
OIG-10	less: 2000 Absorption of Adjustments to base	0	(333)	0	(333)
	2000 Base	237	21,936	220	21,936
OIG-21	less (or plus): 2000 Program increase	13	1,518	10	1,518
	2000 Estimate	250	23,454	230	23,454

		1998		1999		2000		2000		Increase/	
		Actual		Currently Available		Base		Estimate		(Decrease)	
										Over 2000 Base	
Comparison by activity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Inspector General	Pos./BA	226	20,140	237	21,000	237	21,936	250	23,454	13	1,518
	FTE/Obl.	192	20,466	218	21,000	220		230		10	
TOTALS	Pos./BA	226	20,140	237	21,000	237	21,936	250	23,454	13	1,518
	FTE/Obl.	192	20,466	218		220		230		10	
Adjustments to Obligations											
	Recoveries		0		0		0		0		0
	Unobligated Balance, start of year		(432)		0		0		0		0
	Unobligated Balance transferred		0		0		0		0		0
	Unobligated Balance, end of year		0		0		0		0		0
	Unobligated Balance expiring		106		0		0		0		0
Financing from transfers:											
	Transfer from other accounts (-)		0		0		0		0		0
	Transfer to other accounts (+)		0		0		0		0		0
Appropriation			20,140		21,000		21,936		23,454		1,518

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Department of Commerce  
Office of Inspector General  
SUMMARY OF FINANCING  
(Dollar amounts in thousands)

Exhibit 7

	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
Total Obligations	21,359	22,100	22,436	23,954	1,518
Offsetting collections from:					
Federal funds	(893)	(1,100)	(500)	(500)	0
Trust funds					
Non-Federal sources					
Recoveries					
Unobligated balance, start of year	(432)				
Unobligated balance transferred					
Unobligated balance, end of year					
Unobligated balance expiring	106				
Budget Authority	20,140	21,000	21,936	23,454	1,518
Financing:					
Transfer from other accounts (-)					
Transfer to other accounts (+)					
Appropriation	20,140	21,000	21,936	23,454	1,518

Department of Commerce  
Office of Inspector General  
ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

	Positions	FTE	Amount
Transfers	0	0	0
Adjustment	0	0	0
Financing	0	0	0
Other Changes:			
Annualization of 1999 pay raise			124
2000 pay raise			472
Full year cost in FY 2000 of positions financed for part year in FY 1999.	0	2	172
Within-grade step increases			141
Civil Service Retirement System (CSRS)			(49)
Federal Employees Retirement System (FERS)			93
Federal Insurance Contributions Act (FICA) - OASDI			28
Employee's Compensation Fund			18
Health insurance			26
Travel and transportation of persons - Per Diem			10
Rental payments to GSA			39
Federal Telecommunication System			2
Printing and reproduction			2
Other Services:			
Working Capital Fund			116
Commerce Administrative Management System (CAMS)			44
General Pricing Level Adjustment			31
Subtotal, other changes	0	2	1,269
Less, absorption of adjustments to base			(333)
Total, adjustments to base	0	2	936

Department of Commerce  
Office of Inspector General  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

	<u>FTE</u>	<u>Amount</u>
<u>Other Changes:</u>		
<u>Pay Raises</u> . . . . .		596
Annualization of FY 1999 Pay Raise.		
The FY 1999 President's Budget assumes a pay raise of 3.6% to be effective January 1999.		
Total cost in FY 2000 of FY 1999 pay raise . . . . .		444,000
Less amount funded in FY 1999 . . . . .		(320,000)
Less amount absorbed . . . . .		<u>0</u>
Amount requested in FY 2000 for FY 1999 pay raise . . . . .		124,000
FY 2000 pay increase and related costs		
A general pay raise of 4.4% is assumed to be effective January 2000.		
Total cost in FY 2000 of pay increase . . . . .		460,000
Less amount absorbed in FY 2000 . . . . .		<u>0</u>
Amount requested for FY 2000 pay increase . . . . .		460,000
Payment to Working Capital Fund . . . . .		<u>12,000</u>
Amount requested in FY 2000 for FY 2000 pay increase . . . . .		472,000
<u>Full-year cost in FY 2000 of positions financed for part-year in FY 1999.</u> . . . . .	2	172

An increase of \$171,812 is required to fund the full-year cost in FY 2000 of positions financed for part-year in FY 1999. The computation follows.

	<u>FTE</u>	<u>Amount</u>
Annual salary of new positions in FY 2000.....	11	576,514
Less 5 percent lapse.....	<u>-1</u>	<u>(28,826)</u>
Full-year cost of personnel compensation.....	10	547,688
Less personnel compensation funded in FY 1999.....	<u>-8</u>	<u>(417,361)</u>
Cost of personnel compensation in FY 1999.....	2	130,327

	<u>FTE</u>	<u>Amount</u>
Adjustment for FY 2000 pay raise.....		<u>4,301</u>
Amount required for personnel compensation.....		134,628
Benefits.....		<u>37,183</u>
Total adjustment-to-base.....	<u>2</u>	171,811

Within-grade step increases . . . . . 141

An increase of \$141,445 is required to cover the cost of within-grade step increases.  
This estimate reflects the net cost of step increases that will be earned in FY 2000.

Estimated number of within-grade step increases . . . . .	97
Step increases not earned due to turnover (19.6% x 97) . . . . .	19
Average step above step 1 per separation . . . . .	2
Average cost per within-grade step increase . . . . .	1,785
Gross cost of scheduled step increases (\$1,785 x 97) . . . . .	173,145
Less savings due to separations (\$1,785 x 19 x 2) . . . . .	<u>(67,830)</u>
Subtotal, personnel compensation . . . . .	105,315
Benefits . . . . .	<u>36,130</u>
Total adjustment-to-base . . . . .	141,445

Civil Service Retirement System (CSRS) . . . . . (49)

The number of employees covered by the Civil Service Retirement System (CSRS) continues to decrease as employees are replaced by employees who are covered by the Federal Employees Retirement System (FERS). The estimated percentage of payroll for regular employees covered by CSRS will decrease from 48.30% in FY 1999 to 45.50% in FY 2000, and law enforcement employees covered by CSRS will decrease from 63.00% in FY 1999 to 42.30% in FY 2000. The contribution rates for regular employees and law enforcement employees will remain at 8.51% and 9.01%.

Regular employees:	
FY 2000 (\$10,534,099 x .4550 x .0851) . . . . .	407,886
FY 1999 (\$10,534,099 x .4830 x .0851) . . . . .	<u>432,986</u>
Subtotal . . . . .	(25,100)
Law enforcement employees:	
FY 2000 (\$1,267,901 x .4230 x .0901) . . . . .	48,323
FY 1999 (\$1,267,901 x .6300 x .0901) . . . . .	<u>71,970</u>
Subtotal . . . . .	(23,647)
Total adjustment-to-base . . . . .	(48,747)



	<u>FTE</u>	<u>Amount</u>
<u>Federal Employees Retirement System (FERS)</u> . . . . .		93

The number of employees covered by FERS continues to rise as employees covered by CSRS are replaced by employees covered by FERS. The estimated percentage of payroll for regular employees covered by FERS will rise from 51.70% in FY 1999 to 54.50% in FY 2000. The estimated percentage of payroll for law enforcement employees covered by FERS will increase from 37.00% in FY 1999 to 57.70% in FY 2000. The contribution rate for regular employees and for law enforcement employees will be 10.7% and 23.3% in FY 1999 and in FY 2000.

Regular employees:		
FY 2000 (\$10,534,099 x .5450 x .107) . . . . .		614,296
FY 1999 (\$10,534,099 x .5170 x .107) . . . . .		<u>582,736</u>
Subtotal . . . . .		31,560
Law enforcement employees:		
FY 2000 (\$1,267,901 x .5770 x .233) . . . . .		170,458
FY 1999 (\$1,267,901 x .3700 x .233) . . . . .		<u>109,306</u>
Subtotal . . . . .		61,152
Total adjustment-to-base . . . . .		92,712

<u>Federal Insurance Contributions Act (FICA) - OASDI</u> . . . . .	28
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The OASDI tax rate will remain at 6.2%. However, the annual salary taxable by OASDI will rise from \$70,725 in FY 1999 to \$73,275 in FY 2000. The percent of salaries below the cap will decrease from 96.44% in FY 1999 to 94.9% in FY 2000. In addition, the total salaries taxable by OASDI will increase from 50.1% in FY 1999 to 54.7% in FY 2000.

<u>OASDI - Regular:</u>		
FY 2000 (\$10,534,099 x .5450 x .9490 x .062) . . . . .		337,794
FY 1999 (\$10,534,099 x .5170 x .9640 x .062) . . . . .		<u>325,504</u>
Subtotal . . . . .		12,290

<u>OASDI - Law Enforcement:</u>		
FY 2000 (\$1,267,901 x .5770 x .9490 x .062) . . . . .		43,045
FY 1999 (\$1,267,901 x .3700 x .9690 x .062) . . . . .		<u>28,184</u>
Subtotal . . . . .		14,861

	<u>FTE</u>	<u>Amount</u>
<u>Other salaries</u>		
FY 2000 (\$518,000 x .5450 x .9490 x .062) . . . . .	16,611	
FY 1999 (\$518,000 x .5170 x .9640 x .062) . . . . .	<u>16,006</u>	
Subtotal . . . . .	605	
Total adjustment-to-base . . . . .	27,756	
<u>Employees' Compensation Fund</u> . . . . .		18
The Employees' Compensation Fund bill for the year ending June 30, 1998, is \$18,297.86 more than the bill for the year ending June 30, 1997. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.		
<u>Health insurance</u> . . . . .		26
Effective January 1998, the contribution to the Federal employee's health insurance premiums increased by 5.2%. This percentage, applied against the FY 1999 estimate of \$501,000, results in an increase of \$26,052.		
<u>Travel - Per Diem</u> . . . . .		10
Effective January 1, 1999, the General Services Administration raised per diem rates. This increase results in a 4% increase. This percentage, applied against the FY 1999 estimate of \$258,000, results in an increase of \$10,320.		
<u>Rental payments to GSA</u> . . . . .		39
GSA rates are projected to increase 2.6% in 2000. This percentage was applied to the FY 1999 estimate of \$1,510,000 to arrive at an increase of \$39,260.		
<u>Federal Telecommunication System</u> . . . . .		2
Effective January 1, 1998, a surcharge of 4.9% for the FTS 2000 is to cover the cost of providing a universal service. This percentage, applied against the FY 1999 estimate of \$37,000, results in an increase of \$1,813.		

	<u>FTE</u>	<u>Amount</u>
<u>Printing and reproduction</u> . . . . .		2
GPO has provided an estimated rate increase of 3.1%. This percentage was applied to the FY 1999 estimate of \$49,000 to arrive at an increase of \$1,519.		
<u>Other Services:</u>		
<u>Working Capital Fund</u> . . . . .		116
An additional \$116,000 is required to fund cost increases in the General Administration Working Capital Fund.		
<u>Commerce Administrative Management System (CAMS)</u> . . . . .		44
An adjustment of \$44,000 has been made to reflect an increase in costs of CAMS.		
<u>General Pricing Level Adjustment</u> . . . . .		31
This request applies 1.0% based on OMB economic assumptions for FY 2000 to sub-object classes where the prices that the Government pays are established through the market system. Factors are applied to communications, utilities, and miscellaneous charges (excluding postage) (\$1,000); other services (\$28,000); supplies and materials (\$1,000); and equipment (\$1,000).		
Subtotal, FY 2000 adjustments-to-base . . . . .	2	\$1,269
<u>Absorption of Adjustments to base</u>		(333)
An absorption of \$333,000 in adjustments-to-base is required to meet the OMB ceiling.		
Total, FY 2000 adjustments-to-base . . . . .	2	\$ 936

Department of Commerce  
Office of Inspector General  
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS  
(Dollar amounts in thousands)

Exhibit 10

Activity: Inspector General

		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease) Over 2000 Base	
Subactivity:		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Executive Direction	POS./BA	14	1,266	14	1,333	14	1,388	14	1,388	0	0
	FTE/OBL.	11	1,204	13		13		13		0	
Audits	POS./BA	123	10,436	134	10,892	134	11,432	145	12,834	11	1,402
	FTE/OBL.	102	10,212	123		125		134		9	
Inspections & Evaluations	POS./BA	31	3,039	31	3,160	31	3,292	33	3,408	2	116
	FTE/OBL.	31	3,224	28		28		29		1	
Investigations	POS./BA	35	2,990	35	3,113	35	3,236	35	3,236	0	0
	FTE/OBL.	26	2,916	31		31		31		0	
Compliance & Administration	POS./BA	23	2,409	23	2,502	23	2,588	23	2,588	0	0
	FTE/OBL.	22	2,910	23		23		23		0	
Total	POS./BA	226	20,140	237	21,000	237	21,936	250	23,454	13	1,518
	FTE/OBL.	192	20,466	218		220		230		10	

Department of Commerce  
General Administration  
JUSTIFICATION OF PROGRAM AND PERFORMANCE: INSPECTOR GENERAL

Goals and Objectives

GOALS:

- o Have a Positive Impact on the Department of Commerce Missions, Goals, and Objectives.
- o Produce and Provide Meaningful, Objective, and Timely Reports and Other Products to the Department, Congress, and Other Interested Parties.
- o Provide a Quality Working Environment That Enables OIG Staff to Be Highly Productive and Do Its Best Work.

OBJECTIVES:

- o Concentrate on programs and operations that are most critical to the achievement of the Department's missions, goals, and objectives; Detect and prevent fraud, waste and abuse; and improve service delivery, efficiency, and effectiveness of DOC programs.
- o Promote the effectiveness of the Department and its bureaus in implementing the Government Performance and Results Act (GPRA), the related Chief Financial Officers Act, and the Government Management Reform Act.
- o Focus investigations on allegations of serious violations of federal law, to permit successful prosecutions that maximize recovery of public resources, and the deterrence of future wrongdoing.
- o Enable the Department to take corrective action and demonstrate improved stewardship of public resources by identifying and reporting on significant issues areas in a timely manner.
- o Effectively communicate results of OIG work to senior departmental officials, Congress, and other parties as appropriate.
- o Increase the scope of both OIG and bureau employee integrity/fraud awareness programs.
- o Continually improve OIG processes, policies, and procedures to achieve more effectiveness and efficiency.
- o Pool knowledge about the Department from staff in all OIG units to address complex issues and programs in a coordinated and comprehensive manner and identify systemic faults and solutions.
- o Recruit and retain high caliber staff and provide an environment for continuous development for all employees.
- o Foster mutual respect and open communications among employees and managers.

Base Program FY 2000

The Office of Inspector General (OIG) was established in FY 1979 in accordance with the Inspector General Act of 1978. The OIG provides a unique independent voice to the Secretary and other senior Commerce managers, as well as the Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency and effectiveness of Department operations. The office has the authority to ask about all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts, grants, or other financial assistance agreements.

The work is primarily conducted through audits (performance and financial), inspections and program and systems evaluations, and investigations. The findings of the audits, inspections, and evaluations are presented to pertinent operating officials and agency heads, who are given the opportunity to review and comment on the reports before they are released in final form. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is uncovered or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative redress.

The OIG is headquartered in Washington, D.C. The Office of Audits has personnel positioned at several sites in the metropolitan Washington area, plus regional offices in Atlanta, Denver, and Seattle. The Office of Investigations has field offices in Denver, Silver Spring, and Washington, D.C. As proposed for FY 2000, the OIG will be funded at 250 permanent employees.

The mission of the OIG is accomplished through the following principal activities -

Executive Direction includes the immediate Office of the Inspector General and the Office of Counsel; provides overall leadership and policy direction, including reviews of proposed and existing Departmental legislation and regulations; and provides legal assistance for auditors, inspectors, and investigators.

Audits performs audits of Commerce operations and financial data, contracts, grants, and other financial assistance agreements. Conducts resolution and follow-up on recommendations made in OIG audit reports.

The Office of Audits' headquarters divisions and regional offices conduct reviews of both internal Department operations (performance audits and financial statement audits) and external activities funded by or through the Department (financial-related audits of contracts, grants, and other financial assistance agreements).

Performance audits include economy and efficiency and program audits of the Department's activities. Audits focusing on economy and efficiency determine whether the audited entity is acquiring, protecting, and using its resources economically and efficiently (and the causes of any determined deficiencies), and if the entity has complied with laws and regulations. Audits focusing on program results determine the extent to which the legislatively intended benefits are being achieved, the effectiveness of the program, and the degree of compliance with laws and regulations applicable to the program.

Financial statement audits assess the accuracy and reliability of financial information provided for Department entities. The audits determine if the reported information presents fairly the financial position and results of operations of the audited entity. They determine if the entity has an internal control structure that achieves essential internal control objectives and if the entity has complied with laws and regulations that could have a material effect on its financial liability. Major programs of audited entities are analyzed as individual cost centers for costs, benefits, and effectiveness. In addition, the cumulative financial data of each entity is analyzed to provide an overall picture of the efficiency of its operations.

Financial-related audits include reviews of entities external to the Department that are awarded contracts, grants, cooperative agreements, and loan guarantees. The audits check compliance with laws, regulations, and award terms; adequacy of accounting systems and internal controls; allowability of costs; and how well a project achieved intended results.

Financial-related audits also include state and local government and independent public accountant audits conducted in compliance with the requirements of the Single Audit Act and OMB Circular A-133. These audits provide organization-wide reviews of certain state and local governments, institutions of higher education, and other non-profit institutions that receive Commerce and other Federal funds.

The Office of Audits is responsible for the follow-up on recommendations made in OIG audit reports, which includes: (1) evaluating agency responses and proposed actions on OIG audit recommendations; (2) resolving disputes between OIG auditors and management officials; and (3) identifying cases in which audit recommendations have been ignored or circumvented and recommending specific corrective actions.

Inspections and Evaluations performs a range of inspections, program evaluations, and systems evaluations of Departmental organizations, activities, and programs.

The inspections program was initially created to expand the coverage of the OIG in the Department. Inspections have made valuable and innovative contributions to the OIG mission to bring about change, in the form of greater efficiency and improved effectiveness in the Department. The Office of Inspections and Program Evaluations provides the capability to react to a host of concerns and issues that require OIG attention. It does this primarily by maintaining a diverse technical and analytical staff with the skills necessary to evaluate program performance, analyze policy and management issues and operations, and perform other important oversight functions.

Inspections are designed to (1) provide agency managers with timely information about operations, including current and foreseeable problems; (2) detect and prevent fraud, waste, and mismanagement while encouraging effective and efficient operation.

Program evaluations are reviews of specific management issues, policies, or programs. In contrast to site/operational inspections, these evaluations take an in-depth look and usually require substantially more time to complete.

Systems evaluations are reviews of systems acquisition and development involving state-of-the-art computer hardware and software, automated information systems, computer-based communications, as well as other technologies. The Office of Systems Evaluation analyzes the complex technical and management issues regarding system requirements, planning, specification, design, development, implementation management, and maintenance. Work is carried out by a staff of computer scientists, computer specialists, and system engineers who have extensive experience with the technical, contractual, and management issues of major system acquisitions.

Investigations conducts investigations of alleged or suspected wrongdoing by Commerce employees, contractors, and financial assistance recipients, which may involve violations of criminal laws, civil statutes, Commerce regulations, and employee standards of conduct.

The mission of the Office of Investigations is to detect and prevent fraud and abuse involving Commerce funds or activities by Departmental employees, contractors, and recipients of financial assistance. The OIG fraud investigative effort is generally concentrated on Commerce programs that fund external activities, such as grants, cooperative agreements, loan guarantees, and contracts. These investigations may result in criminal prosecution, civil fraud litigation, or an administrative action under the Program Fraud Civil Remedies Act.

The Office of Investigations also supports the Department's Office of Executive Assistance Management by conducting name checks on individuals and credit checks on businesses before the award of grants, loans, or cooperative agreements.

The Office of Investigations does not generally handle cases involving personnel abuses, administrative grievances, or minor infractions. The OIG refers those cases to the appropriate Commerce agencies for action. The OIG monitors the cases to disposition and provides technical assistance to the agencies as necessary. However, when the alleged infraction involves a senior Department official, or if the alleged conduct is criminal or involves fraud or a major violation of standards of conduct, or is otherwise egregious, the OIG handles the investigation.

Compliance and Administration conducts the OIG's quality assurance and internal control program; and provides administrative, acquisition, budget, human resources, information technology, planning, editorial, and security support for the OIG.

The Office of Compliance and Administration is responsible for advising the IG on the OIG quality assurance program, the Federal Managers' Financial Integrity Act (FMFIA), and all administrative support services.

The office is responsible for FMFIA and OMB Circular A-123 on management control systems to: (1) provide technical assistance to the Department to comply with FMFIA; (2) evaluate the Department's compliance with OMB Circular A-123; (3) monitor the Department's identification of material weaknesses and subsequent actions taken to correct them; and (4) conduct independent evaluations of internal OIG control systems, as appropriate.

The administrative support services includes the development, coordination, and execution of all issues, policies, and activities involving the OIG budget; human resources management, policy, and operations; acquisitions; management information and computer support; security; and compilation of the IG's Semiannual Report to the Congress.

The quantified FY 1998 - FY 2000 results and projections of OIG operations are:

(Dollar amounts in thousands)

	<u>1998 Actual</u>	<u>1999 Projected</u>	<u>2000 Projected</u>	<u>2001 Projected</u>
Number of performance audits . . . . .	30	30	36	36
Number of financial assistance audits . . . . .	45	55	55	55
Number of financial assistance audits processed . . .	421	400	300	200
Number of financial statement audits . . . . .	16	16	16	16
Number of inspections/program evaluations . . . . .	18	21	25	25
Number of investigations . . . . .	58	70	70	70
Questioned costs . . . . .	\$ 5,012	...	...	...
Value of recommendations this period that funds be put to better use . . . . .	\$ 23,904	...	...	...
Value of recommendations agreed to this period by management . . . . .	\$ 5,744	...	...	...
Fines, court-ordered restitutions, civil recoveries, and administrative recoveries . . . . .	\$ 3,244	...	...	...
Arrests . . . . .	1	...	...	...
Indictments . . . . .	7	...	...	...
Convictions . . . . .	3	...	...	...
Administrative sanction actions** . . . . .	46	...	...	...

\* Includes debarments, suspensions, reprimands, demotions, resignations, dismissals, reassignments, and actions to recover funds, new procedures, and policy changes resulting from investigations.





Department of Commerce  
General Administration  
Office of Inspector General  
INCREASE FOR 2000  
(Dollar amounts in thousands)

		2000 Base		2000 Estimate		Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount	Personnel	Amount
Office of Inspector General	Pos./BA	237	\$21,936	250	\$23,454	13	\$1,518
	FTE/Obl.	220		230		10	

Program Description

The FY 2000 program increase request for the Office of Inspector General (OIG) is for 13 Positions, 10 FTEs, and \$1,518,000 for the following initiatives:

	Positions	FTEs	Amount
2000 Decennial Census	8	6	\$465
Financial Statement Audits	5	4	1,053
Total	13	10	\$1,518

**2000 DECENNIAL CENSUS:**

The OIG needs to significantly expand its audit, inspection, and evaluation coverage of the 2000 Decennial Census through FY 2000 and beyond because of the importance of the accuracy of the census results and the significant growth in Census Bureau funding, personnel, and field operations.

There continues to be significant public, congressional, and departmental interest in Census 2000 issues. The Dress Rehearsal operations are receiving widespread attention, and preliminary results from OIG audits and evaluations associated with the Dress Rehearsal indicated that significant additional OIG coverage will be required to adequately address the issues identified. To meet the OIG's statutory obligations and to address requests from the Congress, the OIG has markedly increased its level of effort on Census issues. To date, OIG has redirected current staff resources; however, the quantum growth in Census operations to prepare for and conduct the 2000 census warrants an increase in OIG funding. OIG involvement in the complete 2000 census process is essential to ensure that issues raised during the Dress Rehearsal and in preparation for the decennial census are properly resolved, appropriate modifications to systems and procedures are implemented in a timely and effective manner, and complete and accurate results are available and delivered as required by 2000.

To conduct its April 1, 2000, decennial census, the Census Bureau will grow from an annual appropriation of \$335 million to over \$2.3 billion, from a staff of 7,000 to 41,000, and from 548 offices to 935. The Census Bureau has developed a plan that incorporates new features to address the two primary concerns about the 1990 census: (1) that it cost too much, and (2) that it did not count everyone. The Census Bureau's operational plan redesigns the census process in bold and fundamental ways, particularly the potential use of statistical sampling methods to account for the final 10 percent of housing units. However, the Congress has required that the Dress Rehearsal pursue a dual track enumeration, whereby both sampling and non-sampling methods must be used. The final design decision concerning the use of sampling will be made late in the process. This, coupled with the inherent difficulties associated with an operation the size of the 2000 Census, makes it a high risk enterprise that will require OIG audit, inspection, and evaluation attention nationwide.

The added OIG resources would enable an increased focus on the financial and operational aspects of the 2000 Decennial Census; the methodological aspects of the census, including data computer systems issues, non-response follow-up, Integrated Coverage Measurement, the Be Counted campaign, and outreach and promotion activities; Census implementation of the Commerce Administrative Management System (CAMS); and the significant impact that the huge influx of funding, personnel, and property will have on (1) the preparation of FY 2000 financial statements; (2) system development, implementation, and operation issues; (3) contract management; and (4) an increased number of investigative issues.

This program increase request of 6 FTEs and \$465,000 would provide the necessary resources to expand essential audit, inspection, and evaluation coverage of the 2000 Decennial Census.

#### **FINANCIAL STATEMENT AUDITS:**

The OIG must expand its audit coverage of the Department's financial statements reporting because of increased legislative requirements and implementation guidance. Our review activities support the Department's efforts to meet these requirements. The OIG's annual audits of bureaus' financial statements support the Secretary's priority for the Department to attain an unqualified opinion on its consolidated financial statements.

Interest in the federal government's financial operations has been significant over the past several years. This is evidenced by numerous pieces of legislation passed by the Congress in the financial management area and implementation guidance issued by the Office of Management and Budget (OMB). The Chief Financial Officers Act of 1990 required financial statement audits of certain types of government programs. These requirements were significantly expanded by the Government Management Reform Act of 1994, which mandated audited financial statements covering all accounts and associated activities of agencies. In addition, accounting requirements issued by the Federal Accounting Standards Advisory Board (FASAB) and guidance specified by OMB Bulletin 97-01, Form and Content of Agency Financial Statements, have significantly increased the reporting requirements of agencies and, in turn, the required audit coverage.

Also, the Government Performance and Results Act of 1993 (GPRA) requires government entities to collect and report information on their performance in meeting goals and objectives. The proposed GPRA Technical Amendments of 1998 would increase the OIG's responsibility for reviewing performance measures and the systems used to formulate those measures.

An increase of 4 FTEs and \$1,053,000 is requested to provide resources to perform the financial statement audits of all Commerce entities in accordance with the added FASAB and OMB Bulletins 97-01 and 98-08 requirements. The OIG has reached the point where we can no longer continue to absorb additional costs for these mandated efforts without severe impacts on our audit, inspection, and investigation programs and our ability to perform work geared toward detecting and deterring fraud, waste, and abuse.

Department of Commerce  
General Administration  
Office of Inspector General  
PROGRAM CHANGE PERSONNEL DETAIL  
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL  
Subactivity: Office of Audits/Inspections & Evaluations  
Program change: Decennial Census

<u>Title:</u>	Grade	Number	Annual Salary	Total Salaries
Auditor	14	1	68,570	68,570
Auditors	13	2	58,027	116,054
Auditors	12	4	48,796	195,184
Auditor	11	1	40,714	40,714
Subtotal		8		420,522
LESS: 25 % lapse		(2)		(105,131)
Total Full -Time permanent		6		315,392
FY 2000 Pay Raise of 4.4%				13,877
Total				329,269
<u>Personnel Data</u>				
Full-Time Equivalent Employment:				
Full-time permanent			6	
Other than full-time permanent			0	
Total			6	
Authorized Positions:				
Full-time permanent			8	
Other than full-time permanent			0	
Total			8	

Department of Commerce  
General Administration  
Office of Inspector General  
PROGRAM CHANGE PERSONNEL DETAIL  
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL  
Subactivity: Office of Audits  
Program change: Financial Statement Audits

Title:

Auditor  
Auditors  
Auditor  
Auditor

Grade	Number	Annual Salary	Total Salaries
12	1	48,796	48,796
11	2	40,714	81,428
9	1	33,650	33,650
7	1	27,508	27,508

Subtotal

5 191,382

LESS: 25% lapse

(1) (47,846)

Total Full-Time permanent

4 143,536

FY 2000 Pay Raise of 4.4%

6,316

Total

149,852

Personnel Data

Full-Time Equivalent Employment:

Full-time permanent

Other than full-time permanent

4

0

Total

4

Authorized Positions:

Full-time permanent

Other than full-time permanent

5

0

Total

5

Department of Commerce  
General Administration  
Office of Inspector General  
PROGRAM CHANGE DETAIL BY OBJECT CLASS  
(Dollar amounts in thousands)

Activity: INSPECTOR GENERAL  
Subactivity: Office of Audits  
Program change: Financial Statement Audits

Object Class	2000 Increase
-----	
11 Personnel compensation	
11.1 Full-time permanent	150
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	<u>0</u>
11.9 Total personnel compensation	150
12.1 Civilian personnel benefits	41
21 Travel and transportation of persons	120
22 Transportation of things	0
23.1 Rental payments to GSA	27
23.2 Rental payments to others	0
23.3 Communications, utilities, and miscellaneous charges	13
24 Printing and reproduction	13
25.1 Consultant services	0
25.2 Other services	605
25.3 Purchase of goods and services from Gov't accounts	68
26 Supplies and materials	8
31 Equipment	<u>8</u>
99 Total obligations	1,053

Department of Commerce  
Office of Inspector General  
SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 16

Object Class		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
11	Personnel compensation					
11.1	Full-time permanent	11,675	11,752	12,485	12,964	479
11.3	Other than full-time permanent	4	50	50	50	0
11.5	Other personnel compensation	452	563	563	563	0
11.9	Total personnel compensation	12,131	12,365	13,098	13,577	479
12.1	Civilian personnel benefits	2,528	2,645	2,921	3,052	131
13	Benefits for former personnel	21				
21	Travel and transportation of persons	528	629	589	709	120
22	Transportation of things	13	11	11	11	0
23.1	Rental payments to GSA	1,667	1,510	1,549	1,619	70
23.2	Rental payments to others	23	25	25	25	0
23.3	Commun., util., misc. charges	209	125	128	141	13
24	Printing and reproduction	22	49	51	64	13
25.1	Consulting services	0	0	0	0	0
25.2	Other services	2,062	2,938	2,727	3,332	605
25.3	Purchase of goods and services from Gov't accounts	766	563	695	766	71
26	Supplies and materials	179	78	79	87	8
31	Equipment	317	62	63	71	8
99	Total Obligations	20,466	21,000	21,936	23,454	1,518
	Less prior year recoveries			0	0	
	Total Budget Authority			21,936	23,454	1,518

Department of Commerce  
Office of Inspector General  
SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 16

Personnel Data	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
Full-Time Equivalent Employment:					
Full-time permanent	191	217	219	229	10
Other than full-time permanent	1	1	1	1	0
Total	192	218	220	230	10
Authorized Positions:					
Full-time permanent	225	236	236	249	13
Other than full-time permanent	1	1	1	1	0
Total	226	237	237	250	13



Department of Commerce  
Office of Inspector General  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

		2000 Adjustments to Base	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
<u>Object Class</u>					
11	Personnel compensation				
11.1	Full-time permanent				
	Executive level	0	120	120	0
	Senior executive service	39	986	986	0
	General schedule	694	11,379	11,858	479
	Subtotal	733	12,485	12,964	479
11.3	Other than full-time permanent				
	General schedule	0	50	50	0
	Subtotal	0	50	50	0
11.5	Other personnel compensation				
	Overtime	0	418	418	0
	SES performance awards	0	45	45	0
	Cash awards	0	100	100	0
	Subtotal	0	563	563	0
11.9	Total personnel compensation	733	13,098	13,577	479

Department of Commerce  
Office of Inspector General  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

		2000 Adjustments to Base	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
<u>Object Class</u>					
12.1	Civilian personnel benefits				
	Civil Service Retirement System	(22)	692	692	0
	Federal Employees Retirement System	160	819	870	51
	Thrift Savings Plan	20	296	318	22
	Federal Insurance Contribution Act	67	437	473	36
	Health insurance	32	533	555	22
	Life insurance	1	20	20	0
	Employees' Compensation Fund	18	124	124	0
	Subtotal	276	2,921	3,052	131
21	Travel and transportation of persons				
	Common carrier	(21)	294	354	60
	Mileage	0	20	24	4
	Per diem/actual	(19)	239	291	52
	Vehicular	0	32	36	4
	Other	0	4	4	0
	Subtotal	(40)	589	709	120
22	Transportation of things	0	11	11	0
23.1	Rental payments to GSA	39	1,549	1,619	70
23.2	Rental payments to others	0	25	25	0

Department of Commerce  
Office of Inspector General  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustments to Base	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
23.3	Communications, utilities, and misc. charges				
	Rental of ADP equipment	1	4	4	0
	Rental of office copying equipment	0	6	6	0
	Other equipment rental	0	10	12	2
	Federal telecommunications system	2	39	42	3
	Other telecommunications services	0	53	59	6
	Postal service by USPS	0	12	14	2
	Other	0	4	4	0
	Subtotal	3	128	141	13
24	Printing and reproduction				
	Publications	0	26	37	11
	Other	2	25	27	2
	Subtotal	2	51	64	13
25.1	Consulting services				
	Management & Prof. Support Svcs.	0	0	0	0
	Studies, analyses, & evaluation	0	0	0	0
	Engineering & technical services	0	0	0	0
	Subtotal	0	0	0	0

Department of Commerce  
Office of Inspector General  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustments to Base	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
25.2	Other services				
	Training:				
	University	0	17	17	0
	Other	0	30	30	0
	Maintenance of equipment	0	32	32	0
	ADP services	0	41	41	0
	Telecommunications services	0	2	2	0
	Other non-government contracts	0	1,004	1,004	0
	CAMS - specific	44	44	44	0
	Other contracts	-255	1,557	2,162	605
	Subtotal	(211)	2,727	3,332	605
25.3	Purchases of goods and services from Gov't accounts				
	Office of Personnel Management Training	0	18	18	0
	GSA reimbursable services	0	3	3	0
	CAMS - shared	0	67	67	0
	Payments to GA, WCF	132	607	678	71
	Subtotal	132	695	766	71
26	Supplies and materials				
	Office supplies	1	28	32	4
	ADP supplies	0	12	12	0
	Other	0	39	43	4
	Subtotal	1	79	87	8

Department of Commerce  
Office of Inspector General  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

	Object Class	2000 Adjustments to Base	2000 Base	2000 Estimate	Increase/ (Decrease) Over 2000 Base
31	Equipment				
	Office machines and equipment	1	26	27	1
	ADP hardware	0	12	16	4
	ADP software	0	19	21	2
	Other	0	6	7	1
	Subtotal	1	63	71	8
99	Total Obligations	936	21,936	23,454	1,518
	Less prior year recoveries	0	0	0	
	Total Budget Authority	936	21,936	23,454	1,518

DEPARTMENT OF COMMERCE  
Office of Inspector General  
APPROPRIATION SUMMARY STATEMENT

Appropriation: Office of Inspector General

The Office of Inspector General conducts audits, inspections, program evaluations, and investigations to combat mismanagement, fraud, waste, and abuse of Department resources, and to improve the efficiency and effectiveness of Commerce programs.

Accomplishments planned for FY 2000 include:

- o Conduct audits, inspections, and program evaluations to address the Department's major management issues and provide timely advice to managers to help them address these issues.
- o Ensure timely audits of Departmental financial statements and promote achievement of an unqualified audit opinion on the Department's consolidated statements.
- o Improve the value of the Inspector General's findings and recommendations to senior Department management.
- o Work with Department officials to improve information technology planning, management, and oversight.
- o Promote timely implementation of the Government Performance and Results Act, including the use of meaningful performance measures.
- o Enhance our investigative production and results by improving the timeliness and quality of our investigations.

DEPARTMENT OF COMMERCE  
Office of Inspector General  
Appropriation Language and Code Citations:

Appropriation: Office of Inspector General

For necessary expenses of the Office Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$21,000,000.

5 U.S.C. App. 1-11, as amended by P.L. 100-504

Section 2 of the Inspector General Act of 1978 (5 U.S.C. App. 3), as amended, provides that: "In order to create independent and objective units - (1) to conduct and supervise audits and investigations relating to programs and operations of the establishments listed in section 11(2)...there is hereby established in each of such establishments and Office of Inspector General," Section 11(2) of the Act reads, "the term "establishment" means the Department of ... Commerce...".

DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
CONSULTING AND RELATED SERVICES  
(Obligations in Thousands)

	1998 <u>Actual</u>	1999 <u>Estimate</u>	2000 <u>Estimate</u>
Consulting services . . . . .	\$ 0	\$ 0	\$ 0
Management and professional services . . . . .	0	0	0
Special studies and analyses . . . . .	0	0	0
Management and support services for research and development . . . . .	<u>0</u>	<u>0</u>	<u>0</u>
Total . . . . .	\$ 0	\$ 0	\$ 0

The Department of Commerce has established a comprehensive system for identifying and reviewing all proposed contracts and personnel appointments for consulting and advisory and assistance services. The Deputy Secretary is responsible for the overall control and approval of these services throughout the Department.

The Inspector General Act of 1978 authorizes the Office of Inspector General to obtain such temporary technical assistance as needed to carry out the requirements of the Act.



DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS

(Dollar amounts in Thousands)

	<u>1997</u> <u>Actual</u>	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Estimate</u>	<u>2000</u> <u>Estimate</u>
Periodicals . . . . .	\$ 9	\$ 8	\$ 10	\$ 10
Pamphlets . . . . .	0	0	0	0
Audiovisuals . . . . .	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL . . . . .	\$ 9	\$ 9	\$ 10	\$ 10

Periodicals

Pursuant to the Inspector General Act of 1978 (P.L. 95-452), the Inspector General shall prepare semiannual reports summarizing the activities of the office during the six-month periods ending March 31 and September 30. These reports shall include details of major problems, abuses, and deficiencies identified during the previous six months, together with recommendations for corrective action. They must cite any recommendations reported earlier that have not been acted upon, describe any OIG requests for information assistance that were unreasonably refused, and show the amount of funds recovered as a result of audit recommendations. The Department heads may comment on but may not change these semiannual reports.

DEPARTMENT OF COMMERCE  
OFFICE OF INSPECTOR GENERAL  
AVERAGE GRADE AND SALARIES

	1998 <u>Actual</u>	1999 <u>Estimate</u>	2000 <u>Estimate</u>
Average ES Grade . . . . .	3. 67	4. 00	4. 25
Average GS/GM Grade . . . . .	12. 11	12. 09	12. 04
Average GS/GM Salary . . . . .	\$52, 311	\$53, 549	\$54, 703